Translation from Polish

STATEMENT ON APPLYING THE CORPORATE GOVERNANCE CODE BY ERBUD S.A. IN 2014

TABLE OF CONTENTS

1. INTRODUCTION…… 3

2. INDICATION OF CORPORATE GOVERNANCE RULES, WHICH WERE NOT OBSERVED BY THE COMPANY …….. 3

3. SPECIAL INSPECTION POWERS ……..…….. 3

4. RESTRICTIONS ON THE EXERCISE OF VOTING RIGHTS……..…... 3

5. RESTRICTIONS ON TRANSFER OF OWNERSHIP OF SHARES ….…. 3

6. RULES OF APPOINTMENT AND DISMISSAL OF BOARD MEMBERS AND THEIR POWERS…… 4

7. COMPOSITION AND POWERS OF THE SUPERVISORY BOARD…… 5

8. OPERATION OF THE GENERAL MEETING…….. 8

9. RULES OF MAKING CHANGES IN THE COMPANY'S ARTICLES OF ASSOCIATION …….. 9

10. INFORMATION POLICY…… 9

11. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM IN RELATION TO THE FINANCIAL STATEMENTS…….. 9

1. INTRODUCTION

According to § 1 of Resolution No. 1013/2007 of the Board of Warsaw Stock Exchange dated 11 December 2007, Erbud SA included in its annual reports information about applying the Corporate Governance, introduced by the Resolution of the Extraordinary General Meeting of the Company in December 2006.

In the current report No. 5/2007 of 27 April 2007, the Management Board of Erbud S.A. made available to the public a statement on complying with the rules of corporate governance in the Company and attached a detailed list of rules.

The Corporate Governance rules applied by Erbud SA have been identified in the "Code of Best Practice for WSE Listed Companies" approved by the Stock Exchange Council in Resolution No. 12/1170/2007 dated 4 July 2007, as amended. These rules are available on the website of the Warsaw Stock Exchange SA and on Erbud's website under "Corporate Governance".

2. INDICATION OF CORPORATE GOVERNANCE RULES, WHICH WERE NOT OBSERVED BY THE COMPANY

In 2014, the Company applied the principles of the "Code of Best Practice for WSE Listed Companies" with the permanent exception of the rule I.12 saying that "**a company should enable its shareholders to participate in a General Meeting using electronic communication means**".

As justification for non-compliance to this rule, the Management Board of ERBUD S.A. explains that it considers enabling the shareholders to participate in a meeting by using electronic communication means and providing mutual communication, including voting, may cause legal uncertainties (secret ballot). For the above-mentioned reason we prefer the traditional way of organizing meetings of shareholders that is not questioned by our shareholders.

In 2014, the Company did not apply the rule No.II.1.9a related to the publishing on the corporate website "**of a recording of the proceedings of the General Meeting in audio or video format"**. The Meeting is recorded in the form of a notarial deed and then published on the Company's website, which meets the requirement of making public the course of the General Meeting and do not generate additional costs.

3. SPECIAL INSPECTION POWERS

All issued shares are ordinary ones and not associated with special powers of inspection.

4. RESTRICTIONS ON THE EXERCISE OF VOTING RIGHTS

There were no restrictions on voting rights in 2014.

5. RESTRICTIONS ON TRANSFER OF OWNERSHIP OF SHARES

Restrictions on transferring ownership rights to shares are included only in agreements with persons authorized in accordance with the adopted Rules of the Management Stock Options Scheme and acquiring shares under this Programme. Authorised shareholders are obliged not

to dispose shares for a period of 6 months since the date of entering into the agreement to acquire shares issued under another tranches of the Management Stock Options Scheme.

6. RULES OF APPOINTMENT AND DISMISSAL OF THE MANAGEMENT BOARD MEMBERS AND THEIR POWERS

According to section 8 of Articles of Association of Erbud S.A., members of the Management Board are appointed and dismissed by the Supervisory Board of the Company.

The Management Board consists of 2 to 5 members. A common office term of Board members lasts three years. In May 2012, the Supervisory Board reappointed for another three years office term ending on 30.05.2015 the Management Board composed of Dariusz Grzeszczak and Józef Zubelewicz.

The Management Board manages Company's affairs and represents it outside. Two members of the Management Board acting jointly or one member of the Board acting together with the procurator holder are authorized to make a declaration of will on behalf of the Company.

When making decisions, the Management Board is guided by the interest of the Company and acts within the limits of reasonable economic risk, after consideration of all information, relevant analysis and opinions.

When determining the Company's interest, into account are taken long-term reasonable interests of shareholders, creditors, employees and other entities and individuals which cooperate with the Company on the field of its economic activity, as well as interests of local communities.

The powers of the Board include all matters relating to conduct of the Company's affairs not reserved by provisions of the Commercial Companies Code or the Company’s Articles of Association to the competence of the Supervisory Board and the General Meeting.

The authority to conduct specified affairs may be delegated by the Management Board to the individual Board members or employees of the Company, subject to matters that:

1. have been assigned to the exclusive competence of the Board by law in force or provisions of the Articles of Association
2. have been entrusted by the General Meeting or the Management Board to the Supervisory Board.

In accordance with the Rules published on the website of the Company, the Management Board takes decisions also in the form of written resolutions adopted at the regular meetings of the Management Board.

The following decisions on matters exceeding normal management duties require resolutions of the Management Board:

1. outlining the strategy and main objectives of the Company's activity;
2. adopting projects of the Company's long-term strategic plans, projects of annual plans of works and financial schedule and investment projects plans;
3. setting up corporate chart of accounts;

4. convening the General Meeting;
5. adopting Rules of the Management Board;
6. adopting Work Rules;
7. adopting Rules for Salaries;
8. setting up principles of creating and using the social benefits fund;
9. making obligations on loans, credits, guarantees or securities;
10. acquiring and selling real estate, perpetual usufruct right or share in real estate;
11. establishing a pledge and transferring the ownership as security of all kinds of movables
12. shifting the production, launching/opening plants and subsidiaries and its closing down, buying new enterprises, disposing or leasing the whole or a part of the company, acquiring shares in other companies, buying, selling or pledging shares, and changing the percentage rate of shares, participating in capital increases and exercising voting rights in corporations;
13. disposing, pledging or splitting shares, concluding company agreements, in particular agreements on transfer of profits;
14. appointing and disappointing executive boards in subsidiaries;
15. employing a staff with an annual remuneration exceeding the equivalent amount of Euro 100,000, unless the employment of staff is included in the investment plan, which has been approved by the General Meeting;
16. applying and revoking holders of procuration;
17. commencing legal proceedings with a value of the object of issue over the equivalent of amount of Euro 500,000, excepting claim proceedings for the recovery of uncontested claims;
18. making entries to the Stock-Book of the Company;
19. other matters for which consideration by the Board requests Board member.

The Management Board meeting may be attended by other persons invited by the Board. Minutes of the Management Board meeting are drawn up and signed by all Board members present at the meeting and by the minuter. Minutes of the meetings of the Board are kept at the seat of the Company.

7. COMPOSITION AND POWERS OF THE SUPERVISORY BOARD

According to section 11 item 2 of the Articles of Association of ERBUD S.A. the term of office of the Supervisory Board is common and lasts 3 years. Members of the Supervisory Board are appointed on the basis of a resolution made by the General Meeting.

The first Supervisory Board of ERBUD SA was appointed following the transformation of the legal predecessor - Erbud Sp. z o.o to ERBUD S.A. pursuant to Resolution No. 1 passed by the Extraordinary Meeting of Shareholders of ERBUD Sp. z o.o of 15 November 2006 on the conversion and adoption of Articles of Association of Erbud SA.
By Resolution No. 3/2009 of 8 December 2009, the Extraordinary General Meeting appointed a new Supervisory Board in the following composition:

Udo Berner	Supervisory Board
Józef Olszyński	Vice-Chairman of the Supervisory Board

Albert Dürr	Member of the Supervisory Board
Gabriel Główka	Member of the Supervisory Board
Lech Wysokiński	Member of the Supervisory Board

On 21 June 2011, the Annual General Meeting appointed Ms. Zofia Dzik as a new Supervisory Board member. On 31 May 2012, the AGM re-expanded the Supervisory Board appointing Mr Michał Otto and at the same time reappointed the Supervisory Board for another common 3- year term of office.

On 03.12.2013, following the death of Professor Lech Wysokiński, his mandate expired. On 25 June 2014 the Annual General Meeting of Shareholders appointed by Resolution No. 15 a new member of the Supervisory Board of Erbud SA in the person of Mr. Prof. Janusz Lewandowski, professor at the Faculty of Power and Aeronautical Engineering, and President of the Institute of Applied Research at Warsaw University of Technology, with high teaching, research and implementating achievements.

As at 31 December 2014 and as the date of publication of this Statement, the Supervisory Board of Erbud SA is as follows:

Udo Berner	Chairman of the Supervisory Board
Józef Olszyński	Vice-Chairman of the Supervisory Board
Zofia Dzik	Member of the Supervisory Board
Albert Dürr	Member of the Supervisory Board
Gabriel Główka	Member of the Supervisory Board
Michał Otto	Member of the Supervisory Board
Janusz Lewandowski	Member of the Supervisory Board

The Supervisory Board has established Audit Committee consisting of:

Gabriel Główka - Chairman of the Committee
Albert Dürr - Committee member
Józef Olszyński - Committee member.

Within the Supervisory Board also operates a Remuneration Committee.

The members of the Supervisory Board have proper education and professional experience, including the construction industry.

At least one person of the Audit Committee satisfies the requirement for an independent member with appropriate qualifications in finance.

In accordance with the Articles of Association of the Company the competences of the Supervisory Board include:

1. acceptance of projects of the Company's long-term strategic plans;
2. acceptance of projects of annual plans of material and financial schedule;

3. acceptance of projects of Company's investment plans;
4. granting approvals for the acquisition, disposal and charging real estate and other similar rights;
5. granting approvals for shift of production, foundation and dissolution of plants and subsidiaries, acquisition of new enterprises;
6. giving consent to grant by the Company guarantees, property securities and to issue promissory notes, to assume guarantees, open letters of credit with a value exceeding each time the equivalent of amount of Euro 2,000,000.00;
7. giving consent for capital investments exceeding the equivalent of amount of Euro 100,000.00, excluding equity investments, treasury bills and bonds issued in Poland or the countries on the territory of which the Company operates;
8. granting approval to acquire, sale and burden shares in other entities;
9. determination of the method of voting by the Company representatives in the bodies of the Company subsidiaries and associates regarding the appointment and recall of members of the subsidiaries and associates, dissolution or liquidation of these companies, change of the subject of enterprises, and mode of division or merger of subsidiaries and associates;
10. granting permission to engage in any activity unrelated to the objects of the company's operations and extraordinary acts which value exceeds the equivalent of amount of Euro 100,000.00;
11. authorization to enter into arrangements with:

a) employees of the shareholders;
b) dominant companies with relation to the Company, the sub-units to the parent or the spouse or person remaining with him/her in cohabition, relatives and related to the second degree, adopted or being adopted, those relating to the care or guardianship, as well as entities in which one of them is the parent entity or a person in management;
c) other shareholders having more than 5% of votes at the General Meeting of the Company, as well as their subsidiaries or entities in which are managers;
d) sub-units to the Company;
e) persons managing or supervising the Company, their spouses or persons remaining with them in cohabition, relatives and related to the second degree, adopted or being adopted, those relating to the care or guardianship, as well as entities in which one of them is the parent entity or a person in management.

12. granting permission for investments exceeding the equivalent of amount of Euro 100,000.00, except that these investments are included in the investment plan approved by the General Meeting;
13. authorization for the lease, rental and license agreements with the duration of over 36 months;
14. granting approval to submit tenders and sign construction contracts with a value exceeding the equivalent of amount of Euro 15,000,000.00; in the case of joint tenders, authoritative is the sum of the net bid and not the Company's participation in the tender;
15. authorization to dispose of rights or incur liabilities with a value exceeding the equivalent of amount of Euro 2,000,000.00;
16. employing a staff person with an annual remuneration exceeding the equivalent of amount of Euro 100,000.00.

The manner of performance of operations by the Supervisory Board of Erbud S.A. is defined by Rules of the Supervisory Board available on the website of the Company.

8. MANNER OF OPERATION OF THE ANNUAL GENERAL MEETING

General meetings are held at venue and time to enable the widest circle of the shareholders to participate at a meeting.

Mode of operating and powers of the General Meeting are regulated by the Articles of Association and Rules of the General Meeting. In accordance with the Articles of Association mentioned above, the powers of the General Meeting are as follows:

1. examination and approval of the Management Board report on the Company's operations and financial statement for the previous financial year;
2. taking the resolution on the distribution of profits or covering losses;
3. acknowledgement of the fulfilment of duties by the members of the Company;
4. adopting the Company's long-term strategic plans, annual plans of work and financial schedule and investment plans;
5. adopting the Rules of the Supervisory Board and the arrangements for remuneration of members of the Supervisory Board;
6. increase or reduction of share capital;
7. revision of the Articles of Association of the Company;
8. merger of the Company with another commercial company;
9. dissolution and liquidation of the Company;
10. issuance of convertible bonds, pre-emption bonds or subscription warrants;
11. disposal and lease of the enterprise or its organized part and establishment of restricted property law on them;
12. deciding on other matters which in accordance with the provisions of the Code of Commercial Companies or the Articles of Association fall within competence of the General Meeting.

The Annual General Meeting of Shareholders is convened by a notice placed on the Company's website and in the manner specified for publishing of current reports according to the Act on Public Offering and conditions governing the introduction of financial instruments to the market trading system, and public companies.

The above said announcement is done at least 3 weeks prior to the Annual General Meeting.
The Company publishes on its Website Regulations of the AGM of Erbud SA t as amended and the following information:

a) Notice convening the AGM,
b) Date and venue of the AGM
c) Agenda of the AGM
d) Information about the total number of Company’s shares and the number of voting rights attached to the shares as of the notice day
e) Draft resolutions and other documentation to be submitted to the Annual General Meeting,
f) Form of proxy for the use when exercising voting rights by a proxy.
g) Contents of the adopted resolutions.

Furthermore, on the Company's website, information about the dividend policy and the shareholding is published as well as the archive of General Meetings

In accordance with current regulations, only persons who are shareholders of the Company within sixteen days before the General Meeting (the record day for participation in the meeting) are entitled to participate in the General Meeting.
List of persons entitled to attend the General Meeting, the Company draws up upon a register prepared and provided to the Company by an operator maintaining the securities account (NDS). The basis for preparation of such a register are certificates confirming the right to attend the General Meeting issued by an operator maintaining the securities account at the request of the shareholder.

Regulations of the General Meeting specify course of the meeting, election of the Chairman and Scrutiny Committee, participation of members of the Management Board and the Supervisory Board of the Company in the General Meeting and adoption of resolutions.

Each shareholder has the right to make motions for aments and additions to the draft resolutions covered by the agenda of the Meeting. A ballot is done with a use of a computer system for casting and counting of votes to ensure voting in the correspondence to the number of shares held. Resolution not to deal with the matter placed on the agenda could be taken only in the event if there are any essential, motivated reasons. In order to pass such a resolution, required is a support of 75% votes of the General Meeting.

A notarial deed of the General Meeting is prepared and placed on the Website of the Company.

9. PRINCIPLES OF MAKING CHANGES IN THE ARTICLES OF ASSOCIATION OF THE COMPANY

As described above, only the General Meeting of Shareholders is entitled to change the Company's Articles of Association. Resolutions of the General Meeting are to be passed by a majority of vote, unless the provisions of the Commercial Companies Code provide otherwise.

10. INFORMATION POLICY

The Company maintains a transparent and open information policy and provides efficient access to information necessary to evaluate the situation and prospects of the Company and how it acts.

Such information policy is implemented through the use of traditional methods of information as timely submitting of reports and statements, making available to the public of interim reports, organization and participation in conferences and meetings, giving information and explanations in the media.

In addition, as it was already mentioned above, the Company maintains a corporate website, which includes basic corporate documents, current and periodic reports, information on general meetings, as well as other important information on the Company's events.

11. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM IN RELATION ON THE FINANCIAL STATEMENTS

Separate financial statements are drawn up by a qualified staff of financial and accounting departments in companies forming the Erbud Group and audited by independent certified auditors.

Consolidated financial statements of the Erbud Group are prepared by the personnel of Erbud SA. under the supervision of the Chief Accountant of the Company. Both separate and consolidated statements are subject to the internal control made by the Financial Director, the Management Board and Audit Committee, prior to the audit by an audit company selected by the Supervisory Board.

The risk management in relation to the valuation of assets and liabilities, including valuation of ongoing projects and in relation to the reserves created consists in current monitoring of their value and making adjustments in the interim and annual reports adequately to changes in the fair value of these items.

The system "Evaluation of the effectiveness of projects executed as General Contractor" which is implemented directly on specific projects (construction sites) and verified by the management and staff of Branch Offices and Technical Directors.

The Company has an Internal Audit Dept. to audit both the commercial, financial and technical matters on the projects, including the evaluation and supervision of risk management. Business processes in the Company are also subject of inspections and examinations carried out by the Controlling Dept. which provides information, assessments and forecasts related to various economic events to the management level.

Warsaw, 22 April 2015

Management Board Member	Management Board Member
Dariusz Grzeszczak	Józef Zubelewicz